

CERTIFICATION OF ENROLLMENT

SENATE BILL 6196

Chapter 209, Laws of 2008

60th Legislature
2008 Regular Session

LOCAL INFRASTRUCTURE FINANCING TOOL PROGRAM

EFFECTIVE DATE: 06/12/08

Passed by the Senate February 14, 2008
YEAS 47 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 5, 2008
YEAS 96 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved March 27, 2008, 4:32 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 6196** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 28, 2008

**Secretary of State
State of Washington**

SENATE BILL 6196

Passed Legislature - 2008 Regular Session

State of Washington 60th Legislature 2008 Regular Session

By Senators Pridemore, Zarelli, and Kastama

Read first time 01/14/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to definitions applicable to local infrastructure
2 financing tool program demonstration projects; amending RCW 39.102.020;
3 and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 39.102.020 and 2007 c 229 s 1 are each amended to read
6 as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Annual state contribution limit" means seven million five
10 hundred thousand dollars statewide per fiscal year.

11 (2) "Assessed value" means the valuation of taxable real property
12 as placed on the last completed assessment roll.

13 (3) "Base year" means the first calendar year following the
14 calendar year in which a sponsoring local government, and any
15 cosponsoring local government, receives approval by the board for a
16 project award, provided that the approval is granted before October
17 15th. If approval by the board is received on or after October 15th
18 but on or before December 31st, the "base year" is the second calendar

1 year following the calendar year in which a sponsoring local
2 government, and any cosponsoring local government, receives approval by
3 the board for a project award.

4 (4) "Board" means the community economic revitalization board under
5 chapter 43.160 RCW.

6 (5) "Demonstration project" means one of the following projects:

- 7 (a) Bellingham waterfront redevelopment project;
- 8 (b) Spokane river district project at Liberty Lake; and
- 9 (c) Vancouver riverwest project.

10 (6) "Department" means the department of revenue.

11 (7) "Fiscal year" means the twelve-month period beginning July 1st
12 and ending the following June 30th.

13 (8) "Local excise taxes" means local revenues derived from the
14 imposition of sales and use taxes authorized in RCW 82.14.030 at the
15 tax rate that was in effect at the time the revenue development area
16 was approved by the board, except that if a local government reduces
17 the rate of such tax after the revenue development area was approved by
18 the board, "local excise taxes" means the local revenues derived from
19 the imposition of the sales and use taxes authorized in RCW 82.14.030
20 at the lower tax rate.

21 (9) "Local excise tax allocation revenue" means the amount of local
22 excise taxes received by the local government during the measurement
23 year from taxable activity within the revenue development area over and
24 above the amount of local excise taxes received by the local government
25 during the base year from taxable activity within the revenue
26 development area, except that:

27 (a) If a sponsoring local government adopts a revenue development
28 area and reasonably determines that no activity subject to tax under
29 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
30 revenue development area in the twelve months immediately preceding the
31 approval of the revenue development area by the board, "local excise
32 tax allocation revenue" means the entire amount of local excise taxes
33 received by the sponsoring local government during a calendar year
34 period beginning with the calendar year immediately following the
35 approval of the revenue development area by the board and continuing
36 with each measurement year thereafter; (~~and~~)

37 (b) For revenue development areas approved by the board in calendar
38 years 2006 and 2007 that do not meet the requirements in (a) of this

1 subsection and if legislation is enacted in this state during the 2007
2 legislative session that adopts the sourcing provisions of the
3 streamlined sales and use tax agreement, "local excise tax allocation
4 revenue" means the amount of local excise taxes received by the
5 sponsoring local government during the measurement year from taxable
6 activity within the revenue development area over and above an amount
7 of local excise taxes received by the sponsoring local government
8 during the 2007 or 2008 base year, as the case may be, adjusted by the
9 department for any estimated impacts from retail sales and use tax
10 sourcing changes effective in 2008. The amount of base year adjustment
11 determined by the department is final; and

12 (c) If the sponsoring local government of a revenue development
13 area related to a demonstration project reasonably determines that no
14 local excise tax distributions were received between August 1, 2008,
15 and December 31, 2008, from within the boundaries of the revenue
16 development area, "local excise tax allocation revenue" means the
17 entire amount of local excise taxes received by the sponsoring local
18 government during a calendar year period beginning with 2009 and
19 continuing with each measurement year thereafter.

20 (10) "Local government" means any city, town, county, port
21 district, and any federally recognized Indian tribe.

22 (11) "Local infrastructure financing" means the use of revenues
23 received from local excise tax allocation revenues, local property tax
24 allocation revenues, other revenues from local public sources, and
25 revenues received from the local option sales and use tax authorized in
26 RCW 82.14.475, dedicated to pay either the principal and interest on
27 bonds authorized under RCW 39.102.150 or to pay public improvement
28 costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.

29 (12) "Local property tax allocation revenue" means those tax
30 revenues derived from the receipt of regular property taxes levied on
31 the property tax allocation revenue value and used for local
32 infrastructure financing.

33 (13)(a) "Revenues from local public sources" means:

34 (i) Amounts of local excise tax allocation revenues and local
35 property tax allocation revenues, dedicated by sponsoring local
36 governments, participating local governments, and participating taxing
37 districts, for local infrastructure financing; and

1 (ii) Any other local revenues, except as provided in (b) of this
2 subsection, including revenues derived from federal and private
3 sources.

4 (b) Revenues from local public sources do not include any local
5 funds derived from state grants, state loans, or any other state moneys
6 including any local sales and use taxes credited against the state
7 sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

8 (14) "Low-income housing" means residential housing for low-income
9 persons or families who lack the means which is necessary to enable
10 them, without financial assistance, to live in decent, safe, and
11 sanitary dwellings, without overcrowding. For the purposes of this
12 subsection, "low income" means income that does not exceed eighty
13 percent of the median family income for the standard metropolitan
14 statistical area in which the revenue development area is located.

15 (15) "Measurement year" means a calendar year, beginning with the
16 calendar year following the base year and each calendar year
17 thereafter, that is used annually to measure state and local excise tax
18 allocation revenues.

19 (16) "Ordinance" means any appropriate method of taking legislative
20 action by a local government.

21 (17) "Participating local government" means a local government
22 having a revenue development area within its geographic boundaries that
23 has entered into a written agreement with a sponsoring local government
24 as provided in RCW 39.102.080 to allow the use of all or some of its
25 local excise tax allocation revenues or other revenues from local
26 public sources dedicated for local infrastructure financing.

27 (18) "Participating taxing district" means a local government
28 having a revenue development area within its geographic boundaries that
29 has entered into a written agreement with a sponsoring local government
30 as provided in RCW 39.102.080 to allow the use of some or all of its
31 local property tax allocation revenues or other revenues from local
32 public sources dedicated for local infrastructure financing.

33 (19)(a)(i) "Property tax allocation revenue value" means
34 seventy-five percent of any increase in the assessed value of real
35 property in a revenue development area resulting from:

36 (A) The placement of new construction, improvements to property, or
37 both, on the assessment roll, where the new construction and

1 improvements are initiated after the revenue development area is
2 approved by the board;

3 (B) The cost of new housing construction, conversion, and
4 rehabilitation improvements, when such cost is treated as new
5 construction for purposes of chapter 84.55 RCW as provided in RCW
6 84.14.020, and the new housing construction, conversion, and
7 rehabilitation improvements are initiated after the revenue development
8 area is approved by the board;

9 (C) The cost of rehabilitation of historic property, when such cost
10 is treated as new construction for purposes of chapter 84.55 RCW as
11 provided in RCW 84.26.070, and the rehabilitation is initiated after
12 the revenue development area is approved by the board.

13 (ii) Increases in the assessed value of real property in a revenue
14 development area resulting from (a)(i)(A) through (C) of this
15 subsection are included in the property tax allocation revenue value in
16 the initial year. These same amounts are also included in the property
17 tax allocation revenue value in subsequent years unless the property
18 becomes exempt from property taxation.

19 (b) "Property tax allocation revenue value" includes seventy-five
20 percent of any increase in the assessed value of new construction
21 consisting of an entire building in the years following the initial
22 year, unless the building becomes exempt from property taxation.

23 (c) Except as provided in (b) of this subsection, "property tax
24 allocation revenue value" does not include any increase in the assessed
25 value of real property after the initial year.

26 (d) There is no property tax allocation revenue value if the
27 assessed value of real property in a revenue development area has not
28 increased as a result of any of the reasons specified in (a)(i)(A)
29 through (C) of this subsection.

30 (e) For purposes of this subsection, "initial year" means:

31 (i) For new construction and improvements to property added to the
32 assessment roll, the year during which the new construction and
33 improvements are initially placed on the assessment roll;

34 (ii) For the cost of new housing construction, conversion, and
35 rehabilitation improvements, when such cost is treated as new
36 construction for purposes of chapter 84.55 RCW, the year when such cost
37 is treated as new construction for purposes of levying taxes for
38 collection in the following year; and

1 (iii) For the cost of rehabilitation of historic property, when
2 such cost is treated as new construction for purposes of chapter 84.55
3 RCW, the year when such cost is treated as new construction for
4 purposes of levying taxes for collection in the following year.

5 (20) "Taxing district" means a government entity that levies or has
6 levied for it regular property taxes upon real property located within
7 a proposed or approved revenue development area.

8 (21) "Public improvements" means:

9 (a) Infrastructure improvements within the revenue development area
10 that include:

11 (i) Street, bridge, and road construction and maintenance,
12 including highway interchange construction;

13 (ii) Water and sewer system construction and improvements,
14 including wastewater reuse facilities;

15 (iii) Sidewalks, traffic controls, and streetlights;

16 (iv) Parking, terminal, and dock facilities;

17 (v) Park and ride facilities of a transit authority;

18 (vi) Park facilities and recreational areas, including trails; and

19 (vii) Storm water and drainage management systems;

20 (b) Expenditures for facilities and improvements that support
21 affordable housing as defined in RCW 43.63A.510.

22 (22) "Public improvement costs" means the cost of: (a) Design,
23 planning, acquisition including land acquisition, site preparation
24 including land clearing, construction, reconstruction, rehabilitation,
25 improvement, and installation of public improvements; (b) demolishing,
26 relocating, maintaining, and operating property pending construction of
27 public improvements; (c) the local government's portion of relocating
28 utilities as a result of public improvements; (d) financing public
29 improvements, including interest during construction, legal and other
30 professional services, taxes, insurance, principal and interest costs
31 on general indebtedness issued to finance public improvements, and any
32 necessary reserves for general indebtedness; (e) assessments incurred
33 in revaluing real property for the purpose of determining the property
34 tax allocation revenue base value that are in excess of costs incurred
35 by the assessor in accordance with the revaluation plan under chapter
36 84.41 RCW, and the costs of apportioning the taxes and complying with
37 this chapter and other applicable law; (f) administrative expenses and
38 feasibility studies reasonably necessary and related to these costs;

1 and (g) any of the above-described costs that may have been incurred
2 before adoption of the ordinance authorizing the public improvements
3 and the use of local infrastructure financing to fund the costs of the
4 public improvements.

5 (23) "Regular property taxes" means regular property taxes as
6 defined in RCW 84.04.140, except: (a) Regular property taxes levied by
7 public utility districts specifically for the purpose of making
8 required payments of principal and interest on general indebtedness;
9 (b) regular property taxes levied by the state for the support of the
10 common schools under RCW 84.52.065; and (c) regular property taxes
11 authorized by RCW 84.55.050 that are limited to a specific purpose.
12 "Regular property taxes" do not include excess property tax levies that
13 are exempt from the aggregate limits for junior and senior taxing
14 districts as provided in RCW 84.52.043.

15 (24) "Property tax allocation revenue base value" means the
16 assessed value of real property located within a revenue development
17 area for taxes levied in the year in which the revenue development area
18 is adopted for collection in the following year, plus one hundred
19 percent of any increase in the assessed value of real property located
20 within a revenue development area that is placed on the assessment
21 rolls after the revenue development area is adopted, less the property
22 tax allocation revenue value.

23 (25) "Relocating a business" means the closing of a business and
24 the reopening of that business, or the opening of a new business that
25 engages in the same activities as the previous business, in a different
26 location within a one-year period, when an individual or entity has an
27 ownership interest in the business at the time of closure and at the
28 time of opening or reopening. "Relocating a business" does not include
29 the closing and reopening of a business in a new location where the
30 business has been acquired and is under entirely new ownership at the
31 new location, or the closing and reopening of a business in a new
32 location as a result of the exercise of the power of eminent domain.

33 (26) "Revenue development area" means the geographic area adopted
34 by a sponsoring local government and approved by the board, from which
35 local excise and property tax allocation revenues are derived for local
36 infrastructure financing.

37 (27) "Small business" has the same meaning as provided in RCW
38 19.85.020.

1 (28) "Sponsoring local government" means a city, town, or county,
2 and for the purpose of this chapter a federally recognized Indian tribe
3 or any combination thereof, that adopts a revenue development area and
4 applies to the board to use local infrastructure financing.

5 (29) "State contribution" means the lesser of:

6 (a) One million dollars;

7 (b) The state excise tax allocation revenue and state property tax
8 allocation revenue received by the state during the preceding calendar
9 year;

10 (c) The total amount of local excise tax allocation revenues, local
11 property tax allocation revenues, and other revenues from local public
12 sources, that are dedicated by a sponsoring local government, any
13 participating local governments, and participating taxing districts, in
14 the preceding calendar year to the payment of principal and interest on
15 bonds issued under RCW 39.102.150 or to pay public improvement costs on
16 a pay-as-you-go basis subject to RCW 39.102.195, or both; or

17 (d) The amount of project award granted by the board in the notice
18 of approval to use local infrastructure financing under RCW 39.102.040.

19 (30) "State excise taxes" means revenues derived from state retail
20 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount
21 of tax distributions from all local retail sales and use taxes, other
22 than the local sales and use taxes authorized by RCW 82.14.475, imposed
23 on the same taxable events that are credited against the state retail
24 sales and use taxes under chapters 82.08 and 82.12 RCW.

25 (31) "State excise tax allocation revenue" means the amount of
26 state excise taxes received by the state during the measurement year
27 from taxable activity within the revenue development area over and
28 above the amount of state excise taxes received by the state during the
29 base year from taxable activity within the revenue development area,
30 except that:

31 (a) If a sponsoring local government adopts a revenue development
32 area and reasonably determines that no activity subject to tax under
33 chapters 82.08 and 82.12 RCW occurred within the boundaries of the
34 revenue development area in the twelve months immediately preceding the
35 approval of the revenue development area by the board, "state excise
36 tax allocation revenue" means the entire amount of state excise taxes
37 received by the state during a calendar year period beginning with the

1 calendar year immediately following the approval of the revenue
2 development area by the board and continuing with each measurement year
3 thereafter; (~~and~~)

4 (b) For revenue development areas approved by the board in calendar
5 years 2006 and 2007 that do not meet the requirements in (a) of this
6 subsection and if legislation is enacted in this state during the 2007
7 legislative session that adopts the sourcing provisions of the
8 streamlined sales and use tax agreement, "state excise tax allocation
9 revenue" means the amount of state excise taxes received by the state
10 during the measurement year from taxable activity within the revenue
11 development area over and above an amount of state excise taxes
12 received by the state during the 2007 or 2008 base year, as the case
13 may be, adjusted by the department for any estimated impacts from
14 retail sales and use tax sourcing changes effective in 2008. The
15 amount of base year adjustment determined by the department is final;
16 and

17 (c) If the sponsoring local government of a revenue development
18 area related to a demonstration project reasonably determines that no
19 local excise tax distributions were received between August 1, 2008,
20 and December 31, 2008, from within the boundaries of the revenue
21 development area, "state excise tax allocation revenue" means the
22 entire amount of state excise taxes received by the state during a
23 calendar year period beginning with 2009 and continuing with each
24 measurement year thereafter.

25 (32) "State property tax allocation revenue" means those tax
26 revenues derived from the imposition of property taxes levied by the
27 state for the support of common schools under RCW 84.52.065 on the
28 property tax allocation revenue value.

29 (33) "Real property" has the same meaning as in RCW 84.04.090 and
30 also includes any privately owned improvements located on publicly
31 owned land that are subject to property taxation.

32 **NEW SECTION. Sec. 2.** Section 1 of this act expires June 30, 2039.
Passed by the Senate February 14, 2008.
Passed by the House March 5, 2008.
Approved by the Governor March 27, 2008.
Filed in Office of Secretary of State March 28, 2008.